

Indiana Department of Commerce

# Regional Meetings

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January 29, 2002



## Overview

The changes occurring in the national and global economies have led to substantive changes in the field of economic development. States and the communities within them can no longer rely solely on real estate costs, labor rates, and basic infrastructure to ensure success. Instead, communities must also consider such factors as the educational attainment of the workforce, telecommunications capacity, and the quality of life that workers can enjoy to compete effectively for today's knowledge-based companies.

As the national economy transforms from one dominated by physical assets to one that relies more on services and intellectual assets, states must assess how to take advantage of and position themselves in light of this transformation. However, this shift has not happened overnight. As *Wired Magazine* editor Kevin Kelly points out, "the seeds for today's new economy were planted decades ago," and it has only been recently that those investments have begun to bloom.

The question of how to structure a state economic development program in this rapidly changing economy is a difficult one. Clearly, the business of economic development has changed as all of the net job creation now comes from small and medium firms and Fortune 500 companies continue to shrink with each passing day. There are useful principles and key programs that must be included in a state-level system, but each state's economic situation and strategic needs are different.

In the past 10 years, there has been considerable experimentation with privatization and non-traditional delivery systems. There is no magic bullet. Each state needs to carefully consider its own economic structure and realities, its size, its community structure, and its key expectations and goals. The Indiana Department of Commerce, policy makers, and elected officials have recognized the challenges and needs facing the State of Indiana as it moves forward into the future with respect to making good economic development decisions based upon the State's competitive position.

*Market Street Services, Inc.*, a national community and economic development consulting firm located in Atlanta, Georgia, was retained by the Indiana Department of Commerce to help the State clearly assess its competitive position both in relation to other states and the nation. Based upon extensive quantitative and qualitative information, best practices throughout the country, and local input, three to five organizational and structural options will be developed for consideration. These structural options are intended to help the Indiana Department of Commerce and the State of Indiana fulfill its role in overseeing strategic planning, making policy recommendations, and introducing innovative approaches to Indiana's economic development efforts as it moves forward into the future.

The process for developing the organizational and structural options for Indiana entails three steps:

### **Step One – Economic Realities**

The first step is to create a clear understanding of where the State of Indiana really is economically and what its competitive position is in relation to other states. Many times, policy makers and elected officials make decisions without solid information. There are always myths and misinformation that should be addressed.

### **Task One – Economic and Demographic Profile**

This detailed profile provides an objective analysis of the Indiana economy. The analysis focused on direct comparisons with other states to demonstrate the relative economic competitiveness of Indiana and an examination of the regional economies within the State. This approach recognized that Indiana has multiple economies with different structures and dynamics that affect the competitiveness and economic development in each region.

### **Task Two – Competitive Assessment**

This task provides a critical review of the key factors affecting Indiana's business climate including four fundamental components: workforce and education; infrastructure; business costs; and quality of life. The *Competitive Assessment*, supplemented by interviews and input from the regional meetings, will provide a clear statement of the strengths and weaknesses affecting Indiana's business development potential. The State's competitiveness will be summarized relative to the nation and the states immediately surrounding Indiana – Illinois, Kentucky, Michigan, Ohio, and Wisconsin.

### **Task Three – Regional Input**

One of the most important parts of the process is to ask for local input from community leaders, economic development professionals, business leaders, elected officials, and other key stakeholders. Through a series of regional meetings, the data and information collected to date are presented, and attendees are asked what they think is working, what should be changed, and their ideas for what Indiana should do. This is done concurrently with the *Competitive Assessment* and information and feedback from these regional meetings will be included in this report.

### **Step Two – Best Practices**

The second step reviews the organizational structures that successful states are using and the program best practices in key areas. In today's economy, a comprehensive state economic development program has at least 9 or 10 vital program areas.

### **Task Four – Best Practices – Statewide Delivery Systems**

A review of "best practices" in statewide delivery systems, models, and options will help to provide benchmarks for evaluating Indiana's current service delivery system, and provide a framework for evaluating organizational structures. The states included in this review are Florida, Kentucky, Michigan, Ohio, and Pennsylvania.

### **Task Five – Best Practices – Program Areas**

This document will focus on best practices, models, and options according to program area. For each program area, its importance and role in a community and economic development system, key characteristics of why the effort is successful, and the key lessons or applications the program provides will be discussed.

### **Step Three – Option Development**

The final step involves aggregating the information collected and determining the possible organizational and structural options the State of Indiana can pursue.

**Task Six – Structural Options**

Based upon the regional input and data collected, three to five organizational and structural options will be created that are designed specifically for Indiana based upon the information generated and the policy decisions made during the process. Once a final option is selected, an implementation plan will be devised including a public rollout of the new structure and collateral material.

This report comprises the third task of the first step in this planning process, and provides a summary of the input received during the four regional meetings held throughout the State of Indiana from October 31 through November 13, 2001. Information from this report will also be included in the *Competitive Assessment* for the State of Indiana.

## Introduction

An evaluation and understanding of the economic development climate in a state requires input and feedback from the local level because these individuals deal with the realities of the business environment in growing and maintaining their local and regional economies. This is especially true in Indiana, which has a long history of home-rule. To ignore the perspectives and experiences of local economic developers, elected officials, and key stakeholders would be short-sighted and prevent the Indiana Department of Commerce from obtaining a true picture of the business climate in the State and addressing the appropriate and important issues that affect the State's competitiveness.

To obtain local input and feedback, the Indiana Department of Commerce, with facilitation assistance from *Market Street Services*, hosted four regional meetings across the State between October 31 and November 13, 2001. For each meeting, local economic developers, elected officials, and key stakeholders from a regional area surrounding the meeting location were invited to participate in a three-hour session in which they received information from and provided feedback to the Indiana Department of Commerce.

Each meeting focused on the quality of the economic development structure and ease of doing business in the State of Indiana as the key issues areas. After a presentation session where information about major statistics and trends for the State were conveyed, participants engaged in small group discussions facilitated by Indiana Department of Commerce staff. Five questions about the business climate in Indiana were posed to participants:

1. What do you value about Indiana?
2. What is the #1 barrier the State has to economic competitiveness?
3. What is working now that should be built upon?
4. What should we be doing that we are not doing?
5. If you had a magic wand and Indiana could do one thing to increase its competitiveness, what would that be?

Participants were also asked to rate the State of Indiana on 41 different business climate factors in four main categories (Education, Workforce, and Skills; Infrastructure; Business Costs and Overall Environment; and Quality of Life) on a scale from one to five.

This document presents a summary of the feedback and input received at all of the regional meetings and a synopsis of how participants ranked the different aspects of Indiana's business climate. Regional meetings were held in Indianapolis, representing 35 counties; Gary/South Bend/Fort Wayne, 25 counties; Evansville, 13 counties; and Jeffersonville, 19 counties. Some 375 people attended the meetings statewide.

Since Indiana covers 36,420 square miles, has borders touching four different states and Lake Michigan, and a landscape influenced by three land regions (Great Lakes Plains, Till Plains, and the Southern Plains and Lowlands), there were naturally some differences in how participants across the State perceived and valued various issues. Some of these differences were simply due to the geographic location of where people live and do business, and others were due to the nature of the business structure and climate in their area. Participants came from all across the State from both

urban and rural locations. While there were some differences, there was also a tremendous amount of similarity. Because of the presence of some regional differences, an explanation of what makes each region unique, and how this may influence responses, is discussed.

### *Indianapolis Region*

Covering the central part of Indiana, the Indianapolis regional meeting drew a tremendous number of participants from the Indianapolis metropolitan area. As the capital of Indiana, Indianapolis is the center for State governmental activity, but is also the recreational and urban center for the entire State. Indianapolis is known as the amateur sports capital of the world, hosting the home of the National Collegiate Athletic Association (NCAA). In addition, Indianapolis has a vibrant, professional sports scene including the Indianapolis Colts National Football League team, the Indiana Pacers National Basketball Association team, and the three largest spectator sports in the world - the Indianapolis 500, the Brickyard 400, and Formula One races. Indianapolis is also home to a Triple A baseball team, the Indianapolis Indians. Indianapolis also provides the amenities of a larger urban center with restaurants and shopping, plus cultural venues and activities. Located in the heart of the State, transportation to and from the Indianapolis region is more direct than other parts of the State, with the intersection of four interstate highways and an international airport.



The Indianapolis region experienced the highest percentage of population growth among the regions between 1990 and 2000, with an 11.6% increase. This growth also outpaced Indiana as a whole, whose population grew 9.5% during the same time period. As the largest area, the Indianapolis region made up nearly 44% of the State's total population in 2000.

The Indianapolis region came out ahead of the other regions and the State with respect to educational attainment in 1990, the most recent year for which county level data is available. Just over 77% of the region's residents have a high school diploma or higher, while 18.3% have at least a Bachelor's degree. This is probably due to the greater urbanization of the region with five MSAs. Similarly, almost half of the employment in 1999 was located within the Indianapolis region (45.2%). Despite this concentration of urbanized areas, the employment growth rate between 1990 and 1999 in the Indianapolis region was the second highest, at 19.0%, behind the Jeffersonville region (27.0%). However, the region's employment still increased slightly more than the State's employment growth rate (17.9%).

Of the employment in the region, it is dominated by the Services sector, accounting for nearly one-half of the State's employment in this sector (47.6%). This sector grew 34.7% from 1990-1999 in the region, which was slightly above the State's Services sector growth of 32.7%. As demonstrated

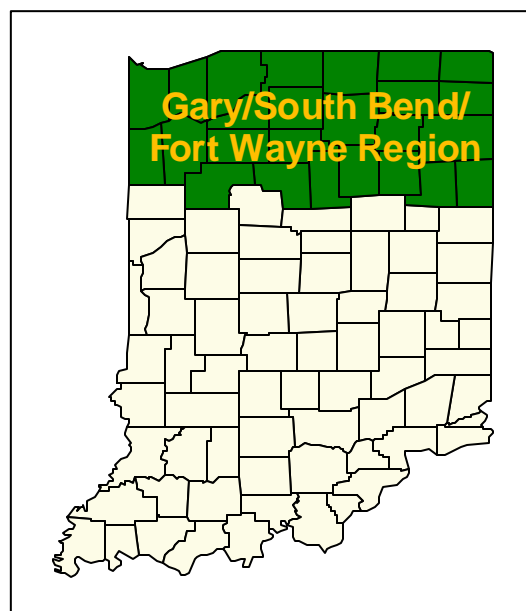
in the *Economic and Demographic Profile*, part of this concentration is due to the significant sports-related industry based out of Indianapolis.

Given that Indianapolis is the urban and governmental center of the State and receives the most funding and attention, participants primary concerns dealt with effective economic development, education, government, and legislation. From a transportation perspective, participants in this regional meeting wanted to see Interstate 69 continued on to Evansville to increase the visibility of that area and increase development around the interstate. Other interesting comments made by participants included “shifting the focus off of Indianapolis” and “concentrating on the entire state instead of Indianapolis.” Improving Indianapolis’ overall image was very important to everyone, and they wanted it better marketed so that everyone knew who they were, especially given the region’s status as a sports center.

### ***Gary/South Bend/Fort Wayne Region***

Drawing invitees from the northern third of the State, the participants at the Gary/South Bend/Fort Wayne regional meeting valued their location as having a very positive impact on their quality of life. This included having four climatic seasons, access to the Great Lakes for recreation, and proximity to the Chicago metropolitan area. Economically, this part of the State is very agricultural in nature, but also has a strong industrial presence, especially around Gary. A primary component of South Bend’s economy is education, which is home to the University of Notre Dame, St. Mary’s College, and Indiana University-South Bend.

The Gary/South Bend/Fort Wayne region was the second largest region and made up 35.6% of the State’s total population in 2000. However, it experienced just 8.1% population growth rate between 1990 and 2000, placing it third in population growth among the regions.



The Gary/South Bend/Fort Wayne region came in just behind the Indianapolis region in terms of educational attainment in 1990, as 75.8% of its residents held a high school diploma or higher and 14.3% had a Bachelor’s degree or higher. These results are not surprising considering the importance of education to the region’s economy. However, the economy in the Gary/South Bend/Fort Wayne region is dominated by the Manufacturing sector, as demonstrated by the fact that 43.6% of all the Manufacturing employment in the State is located in the region. As noted above, this is due to the high concentration of manufacturing in cities like Gary and along the Interstate 80/90 corridor.

Participants at the Gary/South Bend/Fort Wayne regional meeting were also very interested in the economic development efforts of the State, and overwhelmingly responded to issues ranging from regionalism to marketing to taxes. Education was also an important issue. Participants also highlighted the need to retain and support small businesses, as well as the acquisition of venture

capital for these businesses. Accommodating the workforce was important in the Gary/South Bend/Fort Wayne region, as well as attracting high tech jobs. However, there was not much attention given to the concerns of rural communities. Transportation was a key issue, especially in South Bend, since it is easier to travel to Chicago than Indianapolis because there is no direct interstate access to the capital city.

### ***Evansville Region***

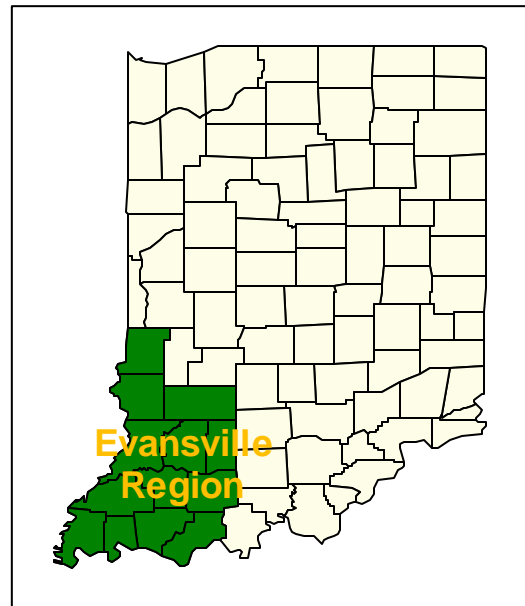
Encompassing the southwestern portion of the State, bordered by the Ohio and Wabash Rivers, participants at the Evansville regional meeting valued their location because of its good access to river transportation and recreation. The climate in the region is milder than the northern part of the State, which is conducive to agriculture, but still boasts a significant manufacturing sector as well.

The Evansville region's population grew 4.7% between 1990 and 2000, placing it well behind the growth of the other regions and the State. This is most likely because it was the smallest region identified for these meetings.

The region's educational attainment was lower than that of the Indianapolis and Gary/South Bend/Fort Wayne regions in 1990, with 74.2% of its residents holding at least a high school diploma and 13.6% holding a Bachelor's degree or higher. The Evansville region's 1998 poverty rate for people of all ages was significantly higher than that of the other three regions, at 11.1%, and the State (10.0%). However, the poverty rate for children under 18 was the same as that for Gary/South Bend/Fort Wayne (3.9%) and just slightly above the rate for the Indianapolis and Jeffersonville regions (3.6%) and the State as a whole (3.7%).

The Evansville region's total employment grew the least of all the regions between 1990 and 1999, at 14.2%. In spite of the region's strong Manufacturing sector, employment in the sector grew just 4.6% during the same time period.

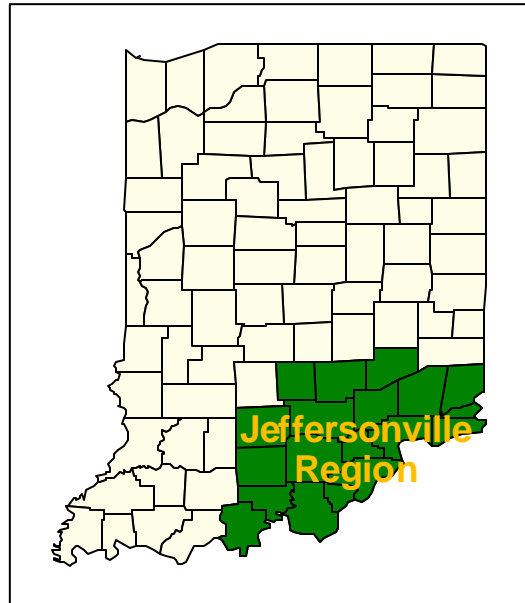
The participants at the meeting felt somewhat isolated from the rest of the state physically and politically. Transportation issues were at the heart of this sentiment with participants having a sense of being "forgotten" by Indianapolis because of the quality of the roads, lack of direct interstate access, and the lack of air transportation between Indianapolis and Evansville. The Ohio River provided the only transportation advantage that Evansville has over the whole State. Another issue that arose was the influx of Spanish-speaking people into the area and how they could be helped to contribute positively to the region. In Kentucky, which is located just across the Ohio River, English is taught as a second language. Economic development, education, business and industry, government, and legislation were also top issues.





### *Jeffersonville Region*

The Jeffersonville regional meeting drew participants from the southeastern portion of the State. Because of its proximity to Louisville, Kentucky, just across the Ohio River, Jeffersonville and the surrounding area is basically considered a suburb of Louisville versus a city in Indiana. Similar to the Evansville region, Jeffersonville experiences a milder climate than the rest of the State. The Jeffersonville region does have direct interstate access to Indianapolis via Interstate 65, and has good air transportation from Louisville. Participants at the meeting felt that because the Executive Director of the Indiana Department of Commerce and the Governor of Indiana are from this area, this region has the “best opportunity to get something,” and feel they have a “local presence in Indianapolis.”



The Jeffersonville region experienced the second highest population growth among the regions from 1990 to 2000 with a 9.9% increase in residents. This may be a result of inflow from Louisville and the surrounding area.

The Jeffersonville region had the lowest educational attainment of all the regions in 1990, with 70.7% of residents holding a high school diploma or higher and just 10.8% holding a Bachelor's degree or higher, which was also well below the average State educational attainment.

At 27.0%, the employment growth rate for the Jeffersonville region between 1990 and 1999 was the highest of the four regions. The region also exceeded the employment growth of the other regions in the Manufacturing (22.0%) and Services (44.4%) sectors.

As with the other regions, participants in the Jeffersonville regional meeting also considered economic development, education, business and industry, government, and legislation the most important issues. Planning, Smart Growth, and natural resources issues were discussed more at the Jeffersonville meeting than the other regions, where these topics were barely mentioned as important issues for the State. Participants also touted the Agriculture sector and suggested that the State reward people who stay in this sector by finding new ways to farm and developing innovative practices. This would preserve agricultural resources and encourage innovation.

### **This Document**

The remainder of the document provides a summary of the feedback and input received by question from all of the regional meetings, followed by a discussion of how participants rated the business climate in Indiana. To the greatest extent possible, the responses to each question are ordered according to importance to participants. In other words, answers that received the most responses are discussed first.

It is important to remember that this is a synopsis of what participants at the regional meetings said and no attempts were made to verify the truth or accuracy of their comments. Additionally, as has already been mentioned, there were few differences in the different regions' answers to these primary questions, with Indiana's economic development community being relatively consistent on its position statewide. When differences did arise regionally, they have been noted throughout the text.

## Question 1: What do you value about Indiana?

In response to this question, participants provided a range of different opinions as to what they valued the most about Indiana. However, a number of strong themes emerged, including quality of life, cost of living, and geographic location, which were consistently similar across all of the regional meetings.

### *Quality of Life*

By far, quality of life within the State of Indiana was echoed the most often among participants at the regional meeting as what they valued the most. Quality of life inherently means different things to different people, and includes everything from the weather to things to do. Participants described the State as a peaceful, easy place to live with low crime rates, good cultural and recreational amenities, a relaxed pace of life, and pleasant weather. Pleasant weather for some parts of the State, such as the Gary/South Bend/Fort Wayne region, meant having four seasons, while in others, such as Evansville, it meant having a mild climate conducive to agriculture and other outdoor activities. Participants generally felt safe in Indiana, and especially in these uncertain times, residents felt certain that Indiana would not be a target for terrorism or other domestic crimes.

Many participants appreciated the fact that Indiana's cities contained multiple resources without the traffic and congestion of larger cities, and that the State provided a diversity of living arrangements. Residents could live in an urban area and still be close to the country, or live in the country and be close to an urban area to work and/or partake in cultural and recreational activities. Participants at the Indianapolis regional meeting in particular valued the urban fabric of the city and the amenities it had to offer, but also appreciated the fact that one could travel and be in the country within a short timeframe. Many people spoke of having lived in other cities for work, such as Los Angeles, Chicago, and New York, but valued coming back to Indiana with a new appreciation for the quality of life it has to offer. For example, participants in the Indianapolis regional meeting appreciated its size of being large enough to have "big city amenities" such as professional sports teams, but being small enough to provide an excellent environment in which to raise a family, and have all of this for a moderate cost of living. According to one participant, the development of downtown Indianapolis in the last 15 years has been phenomenal, and stated, "when did downtown become cool?" with children wanting to live downtown after graduating from school.

Because of the wide breadth of areas that quality of life as a term encompasses, everything mentioned during the regional meetings by participants as what they value about Indiana could be placed under quality of life. However, specific qualities of the State of Indiana were identified by participants and have been highlighted, but it is important to remember that all of these aspects contribute to and shape the quality of life in the State.

### *Central Geographic Location, Accessibility*

The location of the State was viewed as a great natural advantage and received the most attention by meeting participants after general statements about the overall quality of life. The central location of the State, combined with the easy access to major metropolitan areas, is viewed as being an ideal balance. As the "Crossroads State," Indiana is accessible to many markets, which is attractive to the business community. Much of the population of the State can be served in less than a day's drive, and people can commute to other areas of the State for work. For example, participants at the

Jeffersonville regional meeting felt that they were in a “prime” location, situated in close geographical proximity between Louisville, Cincinnati, and Indianapolis. One participant at the Indianapolis regional meeting stated that he lives in rural Indiana but is “one hour from the Dome, the Indianapolis 500, and Clowes Hall.”

The State’s transportation network was primarily viewed favorably; however, east-west interstate access throughout the State was an issue, as well as limited interstate access to and from smaller towns. The fact that many areas in Indiana are within driving distance of major metropolitan areas inside and outside of the State has increased in importance given the events of September 11, 2001, and the resulting slowdown and decrease in desirability of air travel. With respect to airport access, it was primarily mentioned as an asset at the Indianapolis regional meeting, but not as frequently in the other regions. This may be due to residents in many parts of Indiana using airports in other cities outside of the State, such as Chicago and Louisville, which are more accessible or located closer than the Indianapolis Airport.

### ***Cost of Living***

Several references were made to the competitive or even low cost of living in Indiana, resulting in residents having available larger amounts of disposable income. Housing costs in particular were thought to be very favorable in comparison to the other larger metropolitan areas in close proximity to Indiana such as Chicago and St. Louis. The low cost and availability of recreational amenities and quality educational institutions were also important. The lower cost of living was especially valued because of the lower wages they felt residents of the State earned, and felt that the margin of income above the cost of living was better than surrounding areas. Participants at the Indianapolis regional meeting especially appreciated the city as “clean with a relatively low cost of living,” while Gary/South Bend/Fort Wayne regional meeting participants also valued the fact they could drive to Chicago to earn higher wages.

### ***Quality of People /Values and Traditions***

Participants felt very strongly about the quality of their fellow Hoosiers, considering them friendly, hardworking, respectful, and honest with a sense of integrity and good overall character. Importance was placed on the neighborhoods in which they lived and being able to talk to their neighbors. People valued the generosity and kindness of their neighbors, and how those who can, give back to their communities. Overall, there was a great sense of pride when referring to the people of Indiana and the collaborative attitude of the people in the State, from residents to government representatives.

People also valued the traditions held fast by the people of Indiana as “good old-fashioned Hoosier values.” The stability, moral fabric, and conservative nature of the state observed by the people of Indiana as well as politicians were seen as assets by participants. In fact, the legislative system was often referred to as conservative and value-based. As one participant noted, “even Democrats in Indiana are considered conservative.” The “pure and simple lifestyle” was something that brought people back to Indiana who had once left because they craved a “down home” feeling. One participant stated that he “valued rural life and has attended the same church for the past 60 years”. There was a lot of pride in the heritage of the participants, and they attributed their work ethic and support of one another to their German ancestry. This cultural heritage makes people from Indiana proud to be Hoosiers and support things that they feel make the State a great place, such as basketball, history, hard work, collaboration, and cooperation.

Work ethic of Hoosiers was specifically highlighted, with participants feeling that the people of Indiana take hard work seriously. While a strong work ethic is closely related to the quality of the people, it was mentioned many times as its own important characteristic. The workforce is considered hardworking, with a “can-do” attitude. There were several mentions of people coming to work on time for an honest, full day’s worth of work. At the same time, the characteristics and backgrounds of the population are different enough to effectively solve problems, making for a qualified, educated workforce. Participants who have lived outside of Indiana or have children who live in other states indicated that the work ethic did not seem to be as strong in other places as it was in Indiana. In fact, in Indiana people expect to go to work, fulfill their jobs, and keep their jobs; it is ingrained into the workforce.

Because of the stable values of the State, many people saw Indiana as a good place to raise a family. The values mentioned as part of the work ethic, coupled with Indiana’s quality of life and people, are considered an important part of raising a family. Many participants indicated that people come back to Indiana from other places because of the stability, values, and morals, as well as a sense of community, with the “Midwestern lifestyle” attracting Hoosiers back when they are ready to raise their families. Neighborhoods were very important to a good family life, and most people valued the safety and sense of community found in their neighborhoods and neighbors in small as well as large cities. People liked the fact that they knew their neighbors and the overall small town feel of the State, including Indianapolis. One participant referred to the cities and towns of Indiana as “Smalltown U.S.A”.

### ***Good Place to Work, Do Business***

As mentioned above, because the work ethic of the State produces a good workforce, many participants also felt that Indiana was a good place to do business. The workforce is perceived to be educated, well qualified, and diverse, especially when compared to states to the south. Additionally, taxes are considered low in Indiana, although many people felt there was a trade-off between services and taxes. In general, business costs, such as utilities and gasoline, were thought to be inexpensive, and that the business environment was nurturing to entrepreneurs and startups. Worker’s compensation rates were also perceived to be low. The State as a whole is thought to be fiscally stable, with no peaks or valleys, and government perceived as accessible with a pro-business attitude. Safety was also mentioned as a reason why businesses would locate in Indiana.

Participants also felt the State was a good, safe place to work from an employee perspective. A participant from the Gary/South Bend/Fort Wayne regional meeting mentioned low commuting times as positive asset. Business leaders feel a sense of responsibility to the State and its workforce, as well as the physical environment. Historically, Indiana’s economy has been rooted in the Manufacturing sector, and many participants believed that the State should continue to capitalize on this sector even if the nature of the business may change. However, people felt Indiana’s economy was also diverse enough to accommodate other business sectors such as Agriculture, and could adapt to changing technologies. One participant stated that Indiana is uniquely positioned to take advantage of a fiber optic infrastructure via the railroad easements that have been in place for years.

### ***Natural Resources, Recreation***

The natural resources found in the State were highly valued by participants, as well as the recreational amenities associated with those resources. Access and proximity to lakes and rivers in

the northwest and southern parts of the State, such as the Ohio River and the Great Lakes providing port access, were seen as strong assets. Participants also valued the open spaces and rural nature of Indiana and the overall environment as a source of beauty and recreation. Indiana was credited with a good parks system and few geographic barriers. The farming industry particularly valued the natural resources of the State, given Indiana's climate (especially in the southern region) and flat terrain. Participants felt that Indiana had good farmland and green space, as well as plenty of natural resources that could still be developed. Generally, participants also felt that Hoosiers considered themselves environmentally conscious, and valued their state as attractive and diverse in its scenery, with varying topography.

### ***Access to Good Education***

Overall, participants felt that Indiana had an excellent higher educational system, although more focus needed to be placed on the primary and secondary educational system. The "brain creation" from universities such as Notre Dame, Purdue, and Indiana University was touted as phenomenal. Higher education in the State was considered a good value overall, with colleges and universities being very affordable and many people having access to education. However, there was a general concern across the State that college graduates were leaving the State upon graduation. The community college system/Ivy Tech State College was seen as a good asset, but needed a lot of work on its programs. Ivy Tech was credited for providing a manufacturing base in the southern part of the State and training the workforce for much of the industry in Indiana.

**Question 2: What is the #1 barrier the State has to economic competitiveness?**

Conversely, participants at the regional meetings were asked what they thought impeded the State of Indiana's ability to be a top economic competitor in the nation. It is interesting to note that many of the assets and characteristics of the State that were valued by participants were also cited as barriers to Indiana's economic environment. For example, while meeting participants lauded the conservative nature of the State, they also felt that this kept the State from embracing change or taking risks needed to move forward given changes in the nation's and world's economy.

***Taxes***

Meeting participants felt that the State's tax structure was a significant barrier to Indiana's economic competitiveness. Immediately prior to the start of the regional meetings, Lieutenant Governor Joe Kernan unveiled proposed changes to the current tax structure and most of the participants expressed support for the adoption of those changes, as they believed that the current structure is burdensome and difficult to understand.

With respect to specific taxes, an overwhelming majority of participants felt that the Inventory Tax should be abolished and inordinately disadvantaged the State in attracting many businesses, especially those involved in manufacturing and the distribution of goods. Participants also viewed the current property tax structure as a deterrent to businesses considering locating in Indiana. Furthermore, a number of participants felt that the public needed to be better educated about how their taxes were being used so they will be more willing to pay those levied for the good of the State and its communities, such as those for education, infrastructure improvements, and economic development.

***Workforce***

Several aspects of the workforce in Indiana arose as key issues for meeting participants. These included the need for a statewide workforce development plan with one organization to oversee its implementation, and the lack of work ethic, especially among younger workers. Participants were also very concerned about the "brain drain," or the loss of Indiana's college graduates to jobs in other states. Indiana's colleges and universities attract people from all over the country but have a hard time keeping them in Indiana when they graduate, because the State itself is not an intellectual center for jobs. This creates a chicken-and-egg situation: without an incumbent highly skilled workforce, Indiana would not be able to attract companies that offer the types of jobs college graduates want. Finally, participants stated that Indiana employers were having a difficult time finding employees with the basic skills needed to succeed in the lower-skilled, lower paying jobs.

***Education***

Even with a strong post-secondary educational system, participants raised a number of issues related to education that were barriers to the State's economic competitiveness. Overall, participants felt that Indiana residents do not value education and are not willing to provide the funding needed to improve the system. At the primary and secondary educational levels, participants felt that there were discrepancies among individual school corporations in the quality of instruction offered, and faulted the State for not monitoring the quality of teaching or the teachers themselves. There was concern that the public schools were not even teaching the basic skills necessary – reading, writing, and math – for students to go on to some form of post-secondary education or enter the workforce

directly. Further, public schools were not keeping up with the skills sets that today's economy demands. As one person stated, "Kids are not getting dumber, the jobs are getting smarter." Participants also expressed that there seemed to be a lack of parental involvement in education, which translated into a lower value placed on education by students themselves.

At the post-secondary level, participants felt that Indiana needed to develop a better community/technical college and vocational training system for students that do not want to pursue a traditional four-year degree, and also because many of the jobs today require workers with Associate degrees or vocational-technical training. They also believed that the colleges and universities in the State should receive more funding overall, but in particular, funding for research and development. Finally, participants thought that more partnerships between universities and the private sector would spark additional research and development and encourage students to remain in Indiana after graduation, which would boost overall educational attainment levels within the State.

### ***Image***

Almost all meeting participants agreed that Indiana has an image problem. While they value their quality of life, they acknowledged that outsiders most likely view their way of life as "backward" and without opportunities. One participant from Indianapolis stated that Indiana has an image of "corn, steel, and nothing else." This image makes it difficult to attract and retain businesses as well as young single people, who often leave for college or immediately following college, but return later in life to raise their families. Participants felt that a positive marketing campaign was needed to change the rest of America's perception of the State that should also promote Indiana's business successes to encourage more quality growth.

### ***Incentives***

Overall, participants felt that Indiana needed to update, upgrade, and expand the incentives it offers to new businesses. Further, they thought that what is currently offered incentive-wise does not give the State a competitive advantage over neighboring states such as Kentucky and Ohio, and that Indiana needed to become more innovative with their incentives. In particular, a number of participants stated that the EDGE Program should be improved. Specifically, the requirement that a business has to get a competing offer from another state should be eliminated, as many times other states offer something better than what Indiana can so it loses the business. Participants felt that local economic developers' hands are tied as far as what they can offer on top of the State's incentives, and that the current tax abatement is not enough.

Participants also expressed concern over the lack of incentives available for existing businesses and felt that the State needed to pay an equal or greater amount of attention to business retention as they did on business recruitment.

### ***Lack of State Vision/Strategy and Leadership***

There was a general consensus that Indiana does not have a unifying vision or strategy for what it wants to be now or in the future. Participants attributed this to a lack of progressive leadership at the State, county, and local levels. Also, many participants felt that leaders were too politically motivated, and needed to consider public policy as opposed to political agendas. With respect to the work currently being done to revamp the State's economic development structure and increasing the State's competitiveness, some participants expressed the sentiment that there is not a single State policy in place that could survive from administration to administration. Sustainability of practices



and policies needs to be considered and promoted by the Indiana Department of Commerce and local economic developers.

### ***Conservative Nature of State, Aversion to Change***

With the exception of attendees at the regional meeting in Jeffersonville, participants as a whole felt that Indiana is a conservative state that does not embrace change or risk taking. This applies to many areas of the State, including existing businesses, economic development, education, and the socioeconomic structure. Participants stated that leaders are reactive versus proactive, which will keep Indiana from ever getting ahead. They also believed that residents seem to be satisfied with the status quo and have no desire to excel in any area. One participant said that, “the State does not have an appetite to be a leader.”

### ***Lack of Cooperation or Regionalism; Competition Among Counties and Cities***

Although the lack of cooperation and regionalism in the State was not viewed as a dominant barrier to the State’s economic competitiveness, participants at each meeting discussed it to some degree. There was a perception that some areas felt that they did not receive the same attention and resources from the State as others. Some participants sensed competition between urban and rural areas while others felt there was competition among the three main areas of the State (southern vs. northern vs. central).

As is the case when a State has one dominant metropolitan area, participants felt that Indianapolis got the most attention and resources from the State of Indiana, and that other, smaller communities had to attempt to compete with Indianapolis by offering their own tax incentives. Most participants thought that a regional economic development system would be good for Indiana, and in some cases, cooperation across state lines – rather than competition – would be beneficial.

### ***Transportation System and Other Infrastructure***

Participants focused on three main issues: the need for better air service to and from Indianapolis and other regional airports; the importance of the Interstate 69 project; and the need for telecommunications infrastructure. With respect to air travel, Indianapolis meeting participants in particular called for more direct flights to and from the capital city, as well as the addition of more international routes. Other areas would like to see more commercial service at their respective regional airports. Most participants also saw the completion of Interstate 69 as imperative to improving the State’s total transportation system since it would finally provide a direct connection between the northern and southern regions. Additionally, some felt that the transportation infrastructure as a whole was decaying and needed significant repair. Enhancement and improvement of the telecommunications infrastructure was called for to create a similar sense of connectivity around the State, especially in rural areas. Some participants felt that rural areas were being neglected when it came to the installation of infrastructure for Internet and cellular phone services. Without these basic infrastructures, many businesses and industries – especially those that are a part of the New Economy – will be slow to locate in Indiana.

### ***Land Use, Housing Market, and Planning & Zoning***

Participants mentioned these issues as barriers to Indiana’s economic competitiveness at three of the four meetings, but seemed to be more dominant at the Indianapolis regional meeting, where a great deal of growth is occurring in and around the capital city. Participants at the Indianapolis regional meeting felt that there was a need for affordable housing at the very middle-income level, and that

the \$85,000 - \$100,000 range was affordable for the current workforce. Participants in all four regional meetings stated that planning and zoning policies are poor throughout Indiana, and that Smart Growth should be explored so that sprawl does not become an issue.

### ***Business Climate***

Participants cited many barriers that pertained specifically to Indiana's general business climate. The need to diversify the types of businesses located in Indiana was a frequently mentioned issue, including the desire to attract more corporate headquarters and target more high-tech businesses. They also felt that the development of more business clusters would be beneficial to companies whose products and services were related to one another. A few participants felt that the environmental standards set by the State were difficult and expensive for new businesses to meet and that this was a deterrent to the establishment of new locations. Some also stated that limited brownfields redevelopment incentives impeded local efforts to attract businesses.

While attracting new business and industry was important, participants believed that the State also needed to focus more attention on business retention and expansion. With all importance placed on the New Economy businesses, some participants were concerned that Indiana would lose altogether its important manufacturing base, from which such businesses could learn and grow. Participants also mentioned the lack of venture capital, lack of encouragement for entrepreneurship, and a dearth of research and development in the State as negatively affecting the business climate.

Participants went on to express concern about the difficulty the State has in not only retaining, but attracting young, highly skilled workers, and that this may hurt the State's ability to attract new companies. The high cost of healthcare in Indiana was another issue cited by a few participants.

### ***Daylight Savings Time***

The majority of participants felt that the entire State of Indiana needed to observe Daylight Savings Time. They felt that it was a barrier to competitiveness because it was confusing for businesses both inside and outside the State.

### Question 3: What is working now that should be built upon?

Despite the barriers cited by participants at the regional meeting, they also believed that there were a number of programs and areas that were working very well that should be built upon and extended. One example is the EDGE program, which despite its current limitations, could be improved and transformed to better serve the needs of the business and economic development community.

#### *Development and Quality of the Workforce*

Participants felt that the Training 2000 and Skills 2016 programs were both good and effective workforce development efforts underway by the State, and should be expanded and provided with more funding. One person mentioned that the Training 2000 Program was “too bureaucratic, too hard to apply for, and [involves] too much red tape.” Some participants stated that there is more focus on training new employees rather than retraining and updating the skills of current employees, and workforce development efforts should also be targeted towards this group. Furthermore, companies with low-wage workers needed more help with developing their workforce to keep up with changing technology and skill requirements.

In discussing the existing workforce, participants felt that the quality of the workforce overall was satisfactory, but that some parts of the State have better availability of skilled workers than others. Also, people felt the State should work on retaining workers in high-tech and other growing industries.

#### *Incentives, Venture Capital, and Other Business Assistance*

The incentive program most often mentioned by participants was the EDGE program. They felt that it was a good program but could use some revising. A number of participants, as noted earlier, stated that the requirement to get an offer from another state should be removed. One person felt that Indiana should not just meet the competitor’s offer but should beat it. Others felt that the EDGE program should also be used for business retention, for attracting high-tech businesses, and for encouraging research and development.

A number of participants viewed the Enterprise Zone Program as valuable to the State and felt that it should be kept as an economic development incentive. Others cited Tax Increment Financing, tax abatements, and brownfields redevelopment as programs that should continue to be supported and funded. Participants also discussed the need for more venture capital to encourage start-up businesses and entrepreneurship, along with more small business development centers and incubators.

#### *21<sup>st</sup> Century Research and Technology Fund and the Lilly Endowment*

Participants felt that the 21<sup>st</sup> Century Research and Technology Fund was a step in the right direction for the State to encourage development of new technologies to keep Indiana competitive in the New Economy. They supported the program, but believed that more funding was needed for the program to be beneficial and competitive with similar programs in other states. A number of participants, particularly at the Indianapolis meeting, cited the Lilly Endowment as another key source of funding that encouraged education, as well as research and development, in Indiana, to keep the State competitive in the global economy.

### ***Existing Regionalism and Cooperation***

A number of participants stated that the regional efforts currently existing in some parts of the State should be built upon to create a statewide, regional system for economic development service delivery. They believed that the Indiana Department of Commerce's regional representatives were a good place to start to implement such a program. Also to that end, participants appreciated the Department of Commerce's efforts in hosting these regional meetings to gain input about the State's community and economic development efforts to date, and saw them as another good move toward more regional efforts in the State. Many expressed hope that the Department of Commerce would keep them informed and involved throughout the process of the plan development.

Participants cited cooperative efforts among the State's businesses and universities as good examples and models for future partnerships. Also, Indianapolis regional meeting participants mentioned the Indy Partnership as beneficial to the area in stating their support of a regional system, while those in Gary/South Bend/Fort Wayne thought a statewide model of Project Future would be a good start to regionalism. Participants at those same two regional meetings stated that public-private partnerships, such as those between universities and businesses, should be encouraged and expanded, and could help foster further cooperation throughout the State.

### ***Manufacturing Sector***

Participants strongly believed that Indiana's Manufacturing sector provided a good industry base and should be protected by the State. They felt that from this foundation, the State should move into more advanced manufacturing, which could serve as a basis for further development of the life sciences sector. As one participant put it, "Do not abandon manufacturing all together for the technology bandwagon." Participants also acknowledged that the State should devote time and resources to growing non-traditional sectors.

### ***Tax Restructuring***

As mentioned in responses to the previous question, participants at all of the meetings expressed support of the plan to restructure Indiana's tax system and saw it as a positive step for improving Indiana's business climate. A few specifically cited the proposed elimination of the Inventory Tax as a necessity to growing more businesses associated with manufacturing, such as logistics, warehousing, and distribution.

### ***Quality of Life, Cost of Living***

The majority of participants saw Indiana's quality of life and low cost of living as positive aspects to maintain and promote. Some pointed out that the current quality of life serves as a good base that needed to be enhanced to retain and attract young, single professionals and recent college graduates to raise the educational attainment levels and ensure continued population growth in the State.

### ***Education***

Participants mainly cited the higher education system in Indiana as a positive aspect to continue building. Some also applauded the attempts at reform of the primary and secondary public school educational system that are beginning to take place, such as the Educational Roundtable, the creation of charter schools to give the public system some competition, and the creation of technology magnet schools.

Participants felt that the State must continue to invest in its quality colleges and universities to produce highly trained graduates for the workforce of the future. They also emphasized that the State should continue developing and reforming its community college system to train those students who do not want a four-year degree and to promote continuing education. A few participants suggested the development of work-study programs to retain students after graduation to prevent “brain drain.” Others felt that partnering among the universities – such as the IUPUI Medical School in Indianapolis – should be encouraged to further strengthen the higher education system.

### ***Local Economic Development Efforts***

There was a feeling among participants that economic development at the local level has been successful, but that their efforts needed to be increased and continued. More involvement from the universities would help with this, as would giving local developers more power to act on their own. Participants went on to say that cooperation between local and State officials has been good and should continue, perhaps with more early involvement by the State and more education about available programs for local developers.

Participants at the regional meetings in Indianapolis and Gary/South Bend/Fort Wayne added that Indiana has strong local leadership, along with State leaders that are beginning to step forward to make positive changes. All leaders need to be encouraged to continue efforts in economic development and other key areas.

### ***Existing Transportation System and Other Infrastructure***

A majority of meeting participants felt that Indiana had a good transportation system, but that the Interstate 69 project needed to be completed sooner rather than later. Many also said the telecommunications infrastructure in the larger urban and suburban areas needed to be expanded to rural areas so that all residents would have the ability to be connected. The river and its ports are another asset to the State’s transportation system, and additional port development should continue. The Build Indiana Fund and Industrial Development Grant Fund could provide funding for further infrastructure development.

### ***Marketing and Advertising***

The sentiment among a large majority of the participants was that Indiana should do more aggressive marketing and advertising to promote its positive aspects to the rest of the nation and the world. The State should especially focus on its quality of life aspects to draw people and businesses. A good model would be that used by Indianapolis to promote the city as a convention site. One participant at the Indianapolis regional meeting stated, “Once people are here, they are impressed.” Others felt that would be the case for the State as a whole.

### ***Location and Natural Resources***

Many participants emphasized Indiana’s central location, as “The Crossroads of America,” as something that should be used and marketed. The central location, combined with the interstate system, was very beneficial to businesses for transport of goods. In addition to that asset, many pointed to the State’s supply of natural resources – specifically coal and water – as something Indiana should use to its advantage. Both contribute to the State’s ability to supply inexpensive utilities to residents and businesses alike.

***Business Recruitment and Other Economic Development Efforts***

Meeting participants felt that Indiana should build upon its current business recruitment efforts to attract cutting edge companies to diversify its economy, but should still be somewhat selective about which industries to target. One participant said the State should “continue to stay on top of the changing marketplace through a process like these regional meetings and strategic plan development.” Most agreed that the Indiana Department of Commerce’s efforts and programs for economic development should increase, particularly the international and foreign trade programs.

***Indianapolis***

Indianapolis serves as the urban center of the State of Indiana because it is the capital of the State and has a central location. Participants felt that the sports industry brought a lot of national exposure to Indianapolis, and was something to continue to be built upon and used to market the State as a whole. For example, Indianapolis should emphasize its reliance on motor sports and should take advantage of and follow the model of the past effectiveness of the Indianapolis Sports Authority.

#### Question 4: What should we be doing that we are not doing?

In response to what the State of Indiana should be doing that they currently were not, there was a significant amount of overlap between feedback and input on this question with the previous two questions. The topics of education, infrastructure, and taxes are some areas in which participants had suggestions as to what could or should be done.

##### *Overall Economic Development*

Participants responded overwhelmingly that they wanted to see changes in the way the State administered its economic development programs. People were mixed as to what exactly should be done, but many of the overarching themes expressed were about attracting and retaining business and industry. One of the most important things to many residents was the image of Indiana. Participants felt the State needed work on a vision and create an image that debunks current stereotypes that depict Indiana as “backward” and too rural. One participant even referred to fighting the “po-dunk” image of Indiana. There was much consensus that the State should allocate a large amount of money to marketing the State and its assets, such as tourism, sporting events, quality of life, and education.

Incentives were mentioned as something the State should offer more of to attract businesses and industry, both at the State and local levels. While not treating these incentives as a crutch, participants suggested that they could be used to entice company headquarters and new types of industry such as high technology and biomedicine to come to Indiana. At the same time, participants felt that the State should help communities, especially smaller communities, deal with dying industries and help them prepare for life after the related company leaves. Redevelopment of these buildings and sites was also important, and participants expressed that the State should encourage the redevelopment of brownfields and the use of existing infrastructure instead of developing greenfields.

People felt the State should promote partnerships between universities and businesses and help fund research and development for new technologies. People also believed that the State should work to identify key industries for Indiana and form clusters of these industries to aid Indiana businesses. Aid for existing businesses was regarded as a slightly higher priority than attracting new businesses. Participants thought that the State should retain and provide assistance for existing businesses who are trying to compete globally or simply trying to stay competitive. As far as attracting new business, many people felt the EDGE program is inherently flawed and could use some work. This was evident especially in the border counties who compete more frequently and directly with other states for companies. Once the company found a competitive offer, they usually stayed in the competing state that made the offer. Many participants, especially in the southern portion of the State, wanted to know how to better compete with neighboring states. For example, participants at the Evansville and Jeffersonville regional meetings were especially concerned with having Kentucky as a neighbor because they felt that Kentucky’s economic development programs are very competitive, and stated, “Kentucky throws money at industry.”

Many small communities cannot afford to be competitive on their own, and want the State to encourage the creation of regions to promote cooperation in economic development efforts.

Regionalism was mentioned several times at all of the meetings, instead of focusing on individual cities, because “map boundaries do not have as much meaning today.”

### ***Education***

Many people felt that partnerships between business and education were important not only to the business community, but also for providing research and development for growing sectors and educating young people about a possible career. Some suggestions put forth included the State encouraging companies to have job fairs or travel to schools and talk to students about what they do and how to get the right education needed for a rewarding career. It was especially important for the State to entice Indiana companies to recruit Indiana graduates to fight “brain drain.” The State could also help fund research parks for technology and incubators for small businesses, which may cause more students to remain in Indiana after graduation because good jobs would follow.

Attention to the elementary and secondary educational systems in the State was also considered an important task. Participants believed that the State should put more money into schools and education by paying teachers more and making schools more affordable (kindergarten through college), and placing greater emphasis on improving K-12 education and its accountability by updating the curriculum. Incentives were also suggested as a way to encourage continuing education and lifelong learning, with vocational/technical or community colleges placed in rural areas as well as metropolitan areas. More attention should be focused on vocational/technical and community colleges as alternatives to four-year institutions, because as it currently stands, according to one participant, “Education systems place no emphasis on trades and skills or technical training.”

Some mentioned the issue of race and race relations in education. One participant in Indianapolis said race in education “has to be dealt with openly and explored. We are losing the brains and talent of African Americans also. They are leaving because of the racial quality of life. As a result, our loss of educated African Americans is very high.”

### ***Business/Industry***

Participants across the State were in agreement about many things that Indiana could do to help businesses and industry, as well as improve the business climate to make Indiana a solid place to do business. Many of these suggestions were also related to economic development as it relates to business. Participants felt the State should strengthen its ties to existing businesses and provide assistance and support to businesses that want to stay competitive, especially small businesses. There should be more support for startups and entrepreneurs and more access to venture capital. Attracting more large companies and headquarters to Indiana by incentives, tax breaks, or other means was also very important to participants, as well as increasing the level of investment in the State so that headquarters would want to locate here, because currently, as stated by one participant, “Bill Gates would not move to Indiana.” The State should entice Indiana companies to recruit Indiana graduates and participate in incubators and research and development efforts. Workers compensation was also mentioned as something the State should reform. People felt it was expensive for small accidents and its benefits were too limited.

### ***Jobs and Workforce***

While the State can help business and industry stay competitive, it must also focus efforts on the jobs created by these businesses and the workforce holding these jobs. Participants felt the State should attract more “jobs of the future,” which have been identified as biotechnology, high



technology, and advanced manufacturing, and assist companies with training and retraining its workforce to keep up with the latest technologies. Vocational/technical schools should also be upgraded to accommodate the demand for new technologies, and the number of four-year degrees available should be increased to promote careers.

The State should have a system of evaluating employee skills and finding out what skills are in greatest demand, so the demand can be filled. Any weaknesses in certain skills could be identified and rectified so there are no gaps. For example, someone at the Evansville regional meeting mentioned Kentucky's job profiling program, which identifies skills and fills the gap between supply and demand. The skills that are most in demand should be conveyed to students looking for a career, and how they should be educated to pursue that career. Workforce training needs to begin in the schools, with more attention given to career counseling so that students can prepare themselves for their careers earlier, and companies can identify skills-training needs earlier. Participants also felt that workforce development should be a joint effort between State and local Workforce Investment Boards.

### ***Government and Legislation***

This was also a popular topic for participants across the State who were vocal about the way government and legislation should be managed and administered. The main issue among participants was the lack of focused leadership at the State level. The State should provide a vision of what it wants to be, and then educate the people of Indiana on how it intends to take them there. statewide leadership should trickle down to the local level, where leadership is also needed, and statewide leadership programs were proposed to develop these qualified local leaders. The State also needed to improve communication with business and industry. Many businesses felt that they neither have a clear idea of what assistance is available to them, nor do they know where the State's funding and resources come from or how they are spent. Communication in general needs to be improved at the State level, and this should start with a single point of access at the Indiana Department of Commerce, with more partnerships between key institutions in the State.

Participants also indicated that government in Indiana should be more progressive and proactive, not so reactive. There is a fine line between conservative and doing nothing, and people felt that government should speed up the decision-making process, as it has often led to deals being lost. There was also a push to streamline government and focus on creating a regional approach to government, especially at the county level. However, there were others who insisted that government needed to hire more people. All agreed that State employees should be paid more so as not to lose them to private industry. Programs should also receive more funding, and federal funding combined with State resources could be used for education, fire and police protection, or rural community assistance.

Communication with the public was another issue that the State should improve upon. The State and the Department of Commerce should invite more public participation in government and legislative decisions, and in turn should educate the public on economic development and funding issues via the Department of Commerce. Participants believed this would clarify issues in the legislature, especially when dealing with the differences of urban and rural legislators. This could allow each to understand the purpose of the other. The smaller communities felt they were ignored and required more help from the State, while the larger communities felt they deserved a larger share of tax revenues because of the infrastructure that must be supported.

### *Daylight Savings Time*

The want and need for observing Daylight Saving Time was expressed at all of the regional meetings, with most everyone seeing it as a hurting on the State's image as well as the State's ability to do business with other states. One participant mentioned it was difficult to schedule conference calls because people outside the State did not know what time it was in Indiana.

### *Infrastructure*

The need for the State to address infrastructure issues was discussed equally among all the regions. Participants recognized that money needed to be spent on bringing Indiana's technology infrastructure up to date, as well as improving and maintaining the physical infrastructure such as roads, sewer, and water. There was an overwhelming consensus that the State should create an environment that supported high tech industry and company headquarters. Rural areas have especially suffered and do not feel connected to urban areas, and feel like they cannot compete for high tech companies and jobs. Broadband and fiber are needed to compete all over the state, so new infrastructure needs to be put in, and what is currently there should be improved to keep the whole state competitive. Several participants mentioned increasing funding for the Industrial Development Grant Fund for infrastructure improvements, or raising taxes to accommodate for increased spending.

However, participants cautioned that the physical infrastructure should not be ignored in pursuit of faster T1 lines. Many people said the roads should be improved, especially in rural communities. Many rural towns do not have interstate access, and have a hard time competing with towns that do for manufacturing jobs. Building the bridge over the Ohio River was mentioned in the southern regions, as well as the need to "fix the water situation."

### *Transportation*

Along the same lines as physical infrastructure, transportation was seen as an issue that needed attention. The overwhelming issue, especially at the Indianapolis and Evansville regional meetings, was to build Interstate 69 to take advantage of the North American Free Trade Agreement corridor, while keeping the development of farmland to a minimum. Other routes mentioned as needing improvement included U.S. 31 Corridor and the Hoosier Heartland highway, as well as east-west access in general across the state. A participant from the Evansville region advocated a four-lane highway through Washington County, and several mentioned that transportation in southern Indiana as a whole needs to be improved.

Highway access to Indianapolis also needed to be addressed. A Gary/South Bend/Fort Wayne regional meeting participant stated that it was easier to get to Chicago than to Indianapolis, and someone at the Evansville regional meeting said that there were no flights to Indianapolis from Evansville. High-speed rail and improving the South Shore rail were also mentioned as possible transportation improvements. More money is needed to make these improvements, which should be acquired by the State more quickly. Many felt that Smart Growth principles should be integrated into transportation planning, with encouragement of regional transportation planning.

### *Taxes*

Comments regarding taxes were mainly directed at restructuring the whole system and passing the Lieutenant Governor's tax restructuring plan. The tax structure is viewed as cumbersome, and many

believe it may keep Indiana companies from being as competitive as they could be. The Inventory Tax was unanimously unpopular, with many people wanting to see it eliminated. While lowering taxes and the low-tax status of the State was mentioned several times, others wanted to see some taxes raised, such as the gas and sales tax, and taxes increased for education.

Tax credits and abatements were also a prevalent topic. Many favored tax incentives to attract company headquarters and credits for Indiana manufacturers who buy from other Indiana companies. Taxes were not favored for school property, but the revenue could be allocated to institutions that do not pay taxes such as zoos and cultural institutions. The property assessment system also came under fire. There were a few mentions of getting rid of the county and township assessors. Someone even suggested tax abatements for local residents. Citizens should be educated on tax abatements and tax reassessment and the benefits of each. Overall, local communities want control over local tax revenues.

**Question 5: If you had a magic wand and Indiana could do one thing to increase its competitiveness, what would that be?**

Participants were given the opportunity to name one thing they would do to make Indiana more competitive. The responses given varied, but echoed the thoughts and ideas voiced for each of the previous questions. It is important to note that participants were not given any boundaries in answering this question, so some of the responses were somewhat “far-fetched,” and participants wanted to change things that simply cannot be changed. However, such responses do help identify areas in which participants felt the State is weak when it comes to economic competitiveness with the rest of the U.S. and the world.

***Taxes***

As reflected in the other questions, many participants said they would like to change the overall tax structure, or at least one tax in particular, to increase Indiana’s competitiveness. Participants mentioned the property tax as the most burdensome. A few even stated that taxes must be raised to fund certain programs, like education and infrastructure improvements, and that citizens need to be educated about how their tax money is used so that they would be more willing to pay more.

***Increase Quality of the Workforce, Education, and Training***

Participants named many different aspects of workforce, education, and training that they would like to change. Overall, most felt that the educational system in general needed improvement, which in turn would increase the quality of Indiana’s workforce – another main issue discussed at all the meetings. Another key issue was college graduate retention with many liking to see the “brain drain” problem solved.

Having all residents obtain college degrees was another response and a way that participants felt the State could become more competitive. Participants mentioned lowering the cost of higher education and making it more accessible to all residents as a way of reaching this level of educational attainment.

***Improve the Overall Transportation System and Other Infrastructure***

Comments on the quality of Indiana’s transportation system and other infrastructure, including telecommunications, were most prevalent at the meetings outside of Indianapolis. Participants would do a better job of maintaining Indiana’s transportation and infrastructure system. A few stated that roads simply needed to be built in some communities. Some participants specifically mentioned the completion of Interstate 69 as the one major improvement they would make. At the Jeffersonville regional meeting, a number of participants called for the construction of a new bridge connecting the area to Louisville.

Throughout the State, including Indianapolis, participants would like to see an expansion of telecommunications infrastructure to the rural areas and other areas without fiber optic cable or broadband. Also mentioned was the need for better sewer and water infrastructure in some areas.

***Change the Business Climate in Indiana***

The responses in this category were broad and varied based on the location of the meeting. In Indianapolis, participants called for businesses to be more assertive and see more Fortune 500

companies and corporate headquarters locate in Indiana. At the Gary/South Bend/Fort Wayne regional meeting, participants stated that the State's economic base should be more knowledge and service-based. At the Evansville meeting, participants would build a climate for large business that would also help the small businesses; create a resource center for growing businesses to help them with taxes and other issues; put more into retraining tools at the disposal of businesses; and offer a lower cost of operation, an educated workforce, lower cost utilities, and good infrastructure and transportation. Participants at the Jeffersonville meeting would place an equal emphasis on business attraction and retention.

### ***Leadership***

Participants in Indianapolis, Gary/South Bend/Fort Wayne, and Evansville would like to make changes in the State's leadership to increase its competitiveness. They felt that leaders needed to work together better and become more aggressive at coming up with solutions to key problems and issues. They would call for leaders to put aside partisan politics and make decisions that would be helpful to the State in the long run. They would also like to see better-qualified candidates running for and winning political positions.

### ***Change the Role of Government and Government Structure***

Overall, participants felt that the government structure at all levels prevented people from working together across city and county lines, and wanted to see this changed. They believed the State should be more proactive and the legislative burden should be removed. They stated that locals should have more control, and that legislative terms should be extended so that leaders could do more long-term planning and see their programs implemented.

Specifically, a few participants felt that the Indiana Department of Environmental Management needed to be more business friendly, and that permitting should be better and quicker. Others would like to see changes in the Indiana Department of Commerce, such as refocusing its programs to attract medical care and high-tech businesses; helping to build the high-tech infrastructure the State needs; creating more stability in Commerce; and privatization. Finally, some participants would like to see deregulation of the utilities industry.

### ***Create Regionalism, Cooperation***

Around the State, participants would like to see implementation of a regional system for the delivery of economic development services. To this end, they identified better communication between the State and local communities as essential. They felt that working together rather than against each other on challenges would be beneficial to all residents and leaders, and that a regional system would help stop the intra-state competition that currently exists. Last, they believed the creation of more public-private partnerships would be helpful in encouraging cooperation and could serve as good models for regionalism.

### ***Create a Vision, Strategy, and Common Identity for Indiana***

As reflected in responses to the previous questions, participants would like to create a statewide vision and strategy for what Indiana wants to be now and where it wants to go in the future. Upon completion of this vision and strategy, participants felt that it would be very important to sell it to the entire State and get the support of all key stakeholders.

***Promote Indiana, Do More Marketing***

Participants would like the State to do more marketing and promotion of its assets, which would help to change the negative perception of residents and outsiders alike. They felt that Indiana already promotes its tourism well, but that the things that make it a good place for business and living are not marketed enough. One participant stated, “We need a highly effective sales force to promote the resources of Indiana.” Specifically, one person mentioned that Purdue needed to be marketed outside the State.

***Observe Daylight Savings Time***

Aside from Evansville, located in a part of the State that observes Daylight Savings Time, the majority of participants believed that it should be observed statewide. They felt that it hurt Indiana’s image because people were confused about what time it is in the State, and people within the State even have to think about it based on the area of the State in which they are located.

***Other Responses***

There were many other responses to this question that were either mentioned by one or just a few participants or do not fit into any of the above topics. These “other” responses were to make Indiana more receptive to taking risks and being more creative; changing the climate and/or geography of the State; modify existing incentives and/or add new ones; ending poverty, hunger, and homelessness; thinking ahead; improving socioeconomic factors and the health of the State’s residents; reducing shared services at city-county organizational level; making land-based gambling legal on a case by case basis; and saying who gets to stay and who has to go in the State.

## Business Climate Ratings

At the conclusion of the small group discussion, participants were asked to rate a list of items under four main categories related to Indiana's business climate: Education, Workforce, and Skills; Infrastructure; Business Costs and Overall Environment; and Quality of Life.

Participants rated each item on a scale of one to five, with one being the highest rating and five being the lowest. Participants also provided an overall rating of business climate in Indiana. The responses from each regional meeting were tallied separately, in addition to calculating an average rating for each factor for the entire State. It should be noted that not all participants rated each item.

### *Education, Workforce, and Skills*

The results from the participants across the State varied widely from a very good rating for the four-year colleges and universities to a rather poor rating in lifelong learning as illustrated in the table below. The range of 2.0 to 3.4 is considerable with many ratings in the fair range of 3.0.

Quality of four-year colleges and universities	2.0
Quality of the workforce	2.7
Quality of community colleges, technical colleges, and two-year colleges	2.9
Availability of the workforce	3.0
Employer training incentives	3.1
Quality of elementary and secondary educational systems	3.1
Quality of the workforce development system	3.1
Employee training incentives	3.3
Promotion of lifelong learning	3.4

The quality of four-year colleges and universities received the highest rating of all items in this category, with a 2.0 statewide. Because Indiana has several nationally known universities, it is encouraging that key leaders, officials, and business people view them as a key asset to the State and an important part of the business climate as a whole.

The promotion of lifelong learning received consistently low ratings around the State as demonstrated by its statewide rating of 3.4. Related to that, and also receiving lower than average ratings, were quality of the elementary and secondary educational systems (3.1), quality of the workforce development system (3.1), employer training incentives (3.1), and employee training incentives (3.3). The quality of elementary and secondary educational systems received the greatest discrepancy in its ratings, with participants in Evansville rating them a 2.6, while participants in Gary/South Bend/Fort Wayne rated the State's school systems a 3.4.

### *Infrastructure*

The ratings of some items in the Infrastructure category varied by area, but overall reflect that participants felt that the transportation system and other infrastructure available in the State was

about average. The electricity infrastructure and natural gas capacity received the highest ratings of 2.2, while telecommunications infrastructure was last at 3.1 as demonstrated in the table below.

Availability of electricity infrastructure	2.2
Availability of natural gas supplies	2.2
Quality of the water systems	2.4
Quality of the ports and waterways	2.6
Availability of air transportation	2.9
Quality of the road transportation system	2.9
Quality of the sewer systems	2.9
Quality of the rail transportation system	3.0
Availability of telecommunications	3.1

The quality of the road transportation system received a statewide rating of 2.9, but varied widely by region. Indianapolis participants rated the road transportation system as a 2.4, while Evansville participants rated the road system as a 3.6. This disparity may be a result of the lack of Evansville's interstate access to Indianapolis and the delay in the extension of Interstate 69.

Air transportation was another factor that received mixed ratings, from 2.5 in Jeffersonville to 3.3 in Evansville. Again, accessibility to an airport with good domestic as well as international service would affect the rating by participants. Jeffersonville's proximity to Louisville and its airport may explain the higher rating in that part of the State.

### ***Business Costs and Overall Environment***

There are several areas in which participants feel Indiana needs improvement in this category as demonstrated by the ratings provided in the table below. This category received the weakest overall scores with no rating above a 2.4.

Commercial office space costs and availability	2.4
Industrial space costs and availability	2.4
Utility rates	2.4
Availability of local business services	2.8
Wages	2.8
Overall operation of State-level government	3.0
Environmental permitting process	3.2
Quality of business tax exemptions offered	3.2
Quality of incentives	3.2
Type of incentives offered	3.2
Variety of business tax exemptions offered	3.2
Support for entrepreneurship, innovation, and small business	3.3
Business and corporate taxes	3.4

There was little variation among the regions in rating elements related to Business Costs and Overall Environment. Business and corporate taxes received the lowest statewide rating in this category at 3.4. Support for entrepreneurship, innovation, and small business; the environmental permitting process; quality and type of incentives offered; and variety and quality of tax exemptions offered also



received low statewide ratings (3.2 to 3.3). It is important to note, however, that these ratings are still close to average based on the rating scale. Overall operation of State-level government received a fair rating of 3.0.

Participants seemed relatively satisfied with the cost and availability of commercial and industrial space, wages, and utility rates.

### *Quality of Life*

Because “quality of life” means different things to different people, the ratings for each item depend somewhat on the region and where participants lived. In general, participants rated all areas relatively highly, with ratings ranging from 2.0 to 3.0, as demonstrated in the table below.

Cost of living	2.0
Availability and cost of housing	2.2
Crime	2.3
Quality of the natural environment	2.4
State and local personal income taxes	2.5
Availability, quality, and cost of healthcare	2.6
Recreational opportunities	2.6
Cultural and entertainment amenities	2.7
Promotion of tourism	3.0

Cost of living received the highest rating overall, with a 2.0 statewide. Cultural and entertainment amenities and the promotion of tourism received the lowest statewide ratings, at 2.7 and 3.0, respectively. The metropolitan area of Indianapolis, with its sports teams, restaurants, and shopping, gave these amenities the highest rating (2.6), while the other areas rated this item a 2.8 – not much lower than Indianapolis. Indianapolis gave the promotion of tourism the lowest rating (3.1), as did Gary/South Bend/Fort Wayne (3.1), followed by Evansville (2.9) and Jeffersonville (2.7).

### *Overall Rating of the Business Climate*

In spite of some disparity among the regions in rating individual business climate factors, they all viewed the overall business climate as essentially average at 2.9.

Looking at the four main categories, participants viewed infrastructure and quality of life as a little better than average, while they viewed the other two categories as slightly below average. It is also important to note that none of the individual items received regional or statewide average ratings of four or five, indicating that participants felt Indiana’s overall business climate was fair, but not excellent.

## Conclusion

A major part of understanding the economic development climate in an area is listening to what key stakeholders think about what is currently being done. The four regional meetings hosted by the Indiana Department of Commerce as part of the *Indiana: Shaping the Future* process were a step in the right direction towards a plan that will be useful and supported by the State's residents and local economic developers.

It is clear that meeting participants felt a number of changes are necessary for Indiana to become more competitive economically. At the same time, they identified many positive things about Indiana that need to be better marketed to the rest of the nation and the world that could help in attracting more quality growth. According to participants, Indiana needs to address the following issues:

- o Restructure the tax system;
- o Increase the quality of the workforce;
- o Improve the elementary and secondary school systems;
- o Improve the State's image through marketing;
- o Create a statewide vision and strategy;
- o Offer more competitive incentives;
- o Change its conservative nature and aversion to change;
- o Hold leaders accountable for their decisions;
- o Maintain the current transportation system and make improvements where necessary;
- o Extend telecommunications infrastructure; and
- o Develop a regional system for the delivery of economic development services.

The responses as to what Indiana is doing right were similar at all the meetings. Participants listed the following as positive attributes of the State:

- o Quality of life;
- o Central geographic location with good accessibility;
- o Good place to conduct business;
- o Strong values and traditions;
- o Abundance of natural resources; and
- o Accessibility to good education.

Depending on the location of the meeting, there were certain issues (positive or negative) that were more important or even unique to that region. In Indianapolis, many participants stated that the capital city's amenities such as sports teams and venues, nice hotels, shopping, and restaurants are a definite advantage to marketing it as a convention site and tourist destination. At the Gary/South Bend/Fort Wayne regional meeting, participants cited the rural nature of the region but its proximity to Chicago for the big city amenities and job opportunities as a distinct advantage. Participants at the Evansville regional meeting stated that the city has benefited from the Indiana Department of Commerce and funding for improvements in water and sewer infrastructure, but also stated that the region has difficulty competing with Kentucky's more progressive incentives. The Jeffersonville region experienced a similar problem in competition with Kentucky, and meeting participants there

also called for the construction of a new bridge. However, the Jeffersonville region's residents also have access to the amenities of a larger city in Louisville.

In spite of some regional differences, it is clear that stakeholders statewide have one thing in common: they appreciate the efforts by the Indiana Department of Commerce to gather their input. With this valuable information in hand, the Department of Commerce will be able to set a clear vision for the future of community and economic development in Indiana.